

Atlantic Grupa d.d.

Non-consolidated financial results for the year ended 31 December 2017 (unaudited)

Content:

- I. Report on business results for the year ended 31 December 2017**
- II. Unaudited non-consolidated financial reports for the year ended 31 December 2017**
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General information:

Atlantic Grupa d.d. was incorporated in Republic of Croatia in 2002. Atlantic Grupa d.d. is domiciled in Zagreb, Miramarska 23, Croatia.

Atlantic Grupa d.d. performs corporate activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining strategy and development of business activities of Atlantic Grupa.

On December 31th 2017 Atlantic Grupa employed 138 employees.

Management Board members:

- ❖ Emil Tedeschi, President of the Management Board
- ❖ Mladen Veber, Senior Group Vice President for Business Operations
- ❖ Neven Vranković, Group Vice President for Corporate Affairs
- ❖ Zoran Stanković, Group Vice President for Finance

Supervisory Board members:

- ❖ Zdenko Adrović, President
- ❖ Lada Tedeschi Fiorio, Vice President
- ❖ Siniša Petrović, member
- ❖ Peter Elam Håkansson, member
- ❖ Franz Josef Flosbach, member
- ❖ Aleksandar Pekeč, member
- ❖ Jean Louis Yvon Gourbin, member

On December 31th 2017 share capital of Atlantic Grupa d.d. totalled HRK 133,372,000.00 divided into 3,334,300 ordinary shares in the nominal amount of HRK 40.00.

Financial results for the year ended 31 December 2017:

During 2017 Atlantic Grupa d.d. reported HRK 151,533,195 of operating income, attributed in total to other operating income.

In the same period, Atlantic Grupa d.d. reported HRK 151,112,659 of operating costs. The most significant part of operating costs relate to employee expenses in the amount of HRK 58,162,781 which include net salaries, taxes and contributions from salary expenses and contributions on salary, and to other expenses in the amount of HRK 59,473,526. Other costs relate to maintenance, rent and other services.

For the year ended 31 December 2017 financial income amounted HRK 129,544,234. The main part of this income is realised through the distribution of profit from subsidiaries. Financial expenses in the same period amounted to HRK 125,088,833 and mainly relate to impairment of investment in subsidiaries.

Atlantic Grupa d.d. reported HRK 4,282,895 of net profit in 2017.

ATLANTIC GRUPA d.d.

**CONDENSED NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)**

Annex 1.

Reporting period

1.1.2017

to

31.12.2017

Quarterly financial report TFI-POD

Tax number (MB): 01671910

Company registration number
(MBS): 080245039Personal identification
number (OIB): 71149912416

Issuing company: ATLANTIC GRUPA d.d.

Postal code and place: 10000

Zagreb

Street and house number: MIRAMARSKA 23

E-mail address: atlantic@atlantic.hr

Internet address: www.atlantic.hr

Municipality/city code and name

County code and name

Number of employees: 138
(period end)

Consolidated report: NO

NKD code: 7010

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: Ilinčić Tatjana

(only surname and name)

Telephone: 012413927

Telefaks: 012413002

E-mail address: tatjana.ilincic@atlanticgrupa.com

Family name and name: Stanković Zoran

(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

BALANCE SHEET

AS AT 31 DECEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.620.451.572	1.554.818.037
I. INTANGIBLE ASSETS (004 do 009)	003	18.428.361	26.193.949
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	18.337.288	21.077.728
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	91.073	5.116.221
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	17.044.322	17.134.888
1. Land	011		
2. Buildings	012	9.851.308	8.495.989
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	5.854.100	5.827.607
5. Biological assets	015		
6. Advances for purchase of tangible assets	016		
7. Tangible assets in progress	017	144.445	1.616.823
8. Other tangible assets	018	1.194.469	1.194.469
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1.581.784.596	1.508.300.228
1. Share in related parties	021	1.580.661.218	1.507.182.368
2. Loans to related parties	022		0
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	370	370
6. Loans, deposits, etc.	026	1.123.008	1.117.490
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	3.194.293	3.188.972
C) CURRENT ASSETS (035+043+050+058)	034	58.939.952	80.322.730
I. INVENTORIES (036 do 042)	035	0	0
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	47.359.877	52.794.019
1. Receivables from related parties	044	38.697.771	45.579.203
2. Receivables from end-customers	045	3.705.806	4.295.336
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	391.243	205.816
5. Receivables from government and other institutions	048	4.087.145	2.117.260
6. Other receivables	049	477.912	596.404
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	4.400.505	20.242.250
1. Share in related parties	051		
2. Loans to related parties	052		20.000.000
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	4.400.505	242.250
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	7.179.570	7.286.461
D) PREPAYMENTS AND ACCRUED INCOME	059	1.405.395	1.082.752
E) TOTAL ASSETS (001+002+034+059)	060	1.680.796.919	1.636.223.519
F) OFF BALANCE SHEET ITEMS	061		

BALANCE SHEET

AS AT 31 DECEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.158.636.175	1.116.085.318
I. SUBSCRIBED SHARE CAPITAL	063	133.372.000	133.372.000
II. CAPITAL RESERVES	064	881.489.353	881.088.632
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-87.600	-1.513.588
1. Legal reserves	066		
2. Reserve for own shares	067		
3. Treasury shares and shares (deductible items)	068	87.600	1.513.588
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	0	
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	156.598.649	98.855.379
1. Retained earnings	073	156.598.649	98.855.379
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	-12.736.227	4.282.895
1. Net profit for the period	076		4.282.895
2. Net loss for the period	077	12.736.227	
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	16.456.578	17.985.918
1. Provisions for pensions, severance pay and similar liabilities	080	16.456.578	17.985.918
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 do 092)	083	199.573.683	199.710.248
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089	199.573.683	199.710.248
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	299.852.847	299.591.452
1. Liabilities to related parties	094	138.336.934	105.478.164
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	136.413.203	166.185.259
4. Liabilities for advances	097		
5. Trade payables	098	20.653.182	22.970.152
6. Commitments on securities	099	124.000	123.649
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.141.660	2.457.096
9. Taxes, contributions and similar liabilities	102	1.887.677	2.145.871
10. Liabilities arising from share in the result	103	185.459	227.187
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	110.732	4.074
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	6.277.636	2.850.583
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.680.796.919	1.636.223.519
G) OFF BALANCE SHEET ITEMS	108		

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

Position	AOP	Previous period	Previous period	Current period	Current period
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	123.277.617	28.668.570	151.533.195	48.322.010
1. Rendering of services	112				
2. Other operating income	113	123.277.617	28.668.570	151.533.195	48.322.010
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	132.031.510	43.806.908	151.112.659	52.136.908
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	111.689	36.925	353.639	310.919
a) Costs of raw materials	117	111.689	36.925	353.639	310.919
b) Cost of goods sold	118				
c) Other material expenses	119				
3. Employee benefits expenses (121 do 123)	120	57.314.687	12.352.075	58.162.781	13.390.642
a) Net salaries	121	27.602.146	6.218.810	29.854.270	6.954.255
b) Tax and contributions from salary expenses	122	21.436.332	4.362.671	19.900.623	4.474.509
c) Contributions on salary	123	8.276.210	1.770.595	8.407.888	1.961.878
4. Depreciation and amortisation	124	5.350.554	1.634.719	10.140.373	2.758.229
5. Other expenses	125	50.222.994	20.898.498	59.473.526	24.902.401
6. Write down of assets (127+128)	126	22.330	22.330	5.054.692	5.054.692
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	22.330	22.330	5.054.692	5.054.692
7. Provisions	129				
8. Other operating costs	130	19.009.256	8.862.361	17.927.648	5.720.025
III. FINANCIAL INCOME (132 do 136)	131	15.712.597	297.472	129.544.234	-461.642
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	9.500.000	0	128.000.000	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	6.212.597	297.472	1.544.234	-461.642
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	19.720.173	4.313.380	125.088.833	113.864.251
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	2.754.489	593.320	113.607.815	110.994.853
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	16.965.684	3.720.060	11.481.018	2.869.398
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	138.990.214	28.966.042	281.077.429	47.860.368
X. TOTAL EXPENSES (114+137+143+145)	147	151.751.683	48.120.288	276.201.492	166.001.159
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	-12.761.469	-19.154.246	4.875.937	-118.140.791
1. Profit before taxes (146-147)	149	0	0	4.875.937	0
2. Loss before taxes (147-146)	150	12.761.469	19.154.246	0	118.140.791
XII. TAXATION	151	-25.242	-424.118	593.042	-747.662
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	-12.736.227	-18.730.128	4.282.895	-117.393.129
1. Profit for the period (149-151)	153	0	0	4.282.895	0
2. Loss for the period (151-148)	154	12.736.227	18.730.128	0	117.393.129
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	-12.736.227	-18.730.128	4.282.895	-117.393.129
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	371.685	32.610	-23.056	-23.056
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162	377.989	38.914		
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165	-6.304	-6.304	-23.056	-23.056
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	371.685	32.610	-23.056	-23.056
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	-12.364.542	-18.697.518	4.259.839	-117.416.185

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	-12.761.469	4.875.937
2. Depreciation and amortisation	002	5.350.554	10.140.373
3. Decrease of current liabilities	003	3.863.575	6.603.383
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	-3.547.340	21.619.693
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	25.007.666	30.936.962
3. Increase of inventories	010		
4. Other cash flow decreases	011	6.830.649	3.214.085
II. Total decrease of cash flow from operating activities	012	31.838.315	34.151.047
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	35.385.655	12.531.354
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	217.696	67.965
2. Proceeds from sale of non-current financial assets	016	3.742.060	
3. Interest received	017	12.665	259.427
4. Dividend received	018	17.563.986	3.000.000
5. Other proceeds from investing activities	019	438.353	17.178.250
III. Total cash inflows from investing activities	020	21.974.760	20.505.642
1. Purchase of non-current assets	021	12.993.281	18.081.694
2. Purchase of non-current financial assets	022	24.633.083	37.156.770
3. Other cash outflows from investing activities	023	1.287.236	18.214.000
IV. Total cash outflows from investing activities	024	38.913.600	73.452.464
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	16.938.840	52.946.822
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027	200.000.000	
2. Proceeds from loans and borrowings	028	144.000.000	144.800.000
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	344.000.000	144.800.000
1. Repayment of loans and bonds	031	240.446.320	26.800.000
2. Dividends paid	032	45.011.633	44.984.000
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	1.076.400	7.430.933
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	286.534.353	79.214.933
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	57.465.647	65.585.067
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	5.141.152	106.891
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	2.038.418	7.179.570
Increase of cash and cash equivalents	042	5.141.152	106.891
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	7.179.570	7.286.461

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	133.372.000	133.372.000
2. Capital reserves	002	881.489.353	881.088.632
3. Reserves from profit	003	-87.600	-1.513.588
4. Retained earnings or loss carried forward	004	156.598.649	98.855.379
5. Net profit or loss for the period	005	-12.736.227	4.282.895
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009	0	
10. Total equity and reserves (AOP 001 to 009)	010	1.158.636.175	1.116.085.318
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013	377.989	
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	-57.670.342	-42.550.857
17. Total increase or decrease of equity (AOP 011 to 016)	017	-57.292.353	-42.550.857

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 28th February 2018

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15 and 110/15) the President of the Management Board of Atlantic Grupa d.d., Miramarska 23, Zagreb provides

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated and separate financial statements of Atlantic Grupa d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The non-consolidated financial statements for the period from 1 January 2017 till 31 December 2017 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the year ended 31 December 2017 presents true and fair presentation of development and results of the Company's operations with description of significant risks and uncertainties for the Company.

President of the Management Board



Emil Tedeschi

ATLANTIC GRUPA joint stock company for internal and external trade,

Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.

The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.
Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kn, paid in cash completely.

The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.

The Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković; The President of Supervisory Board: Z. Adrović.



Contact:

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ATLANTIC GRUPA joint stock company for internal and external trade,

Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.

The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.
Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kn, paid in cash completely.

The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.

The Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković; The President of Supervisory Board: Z. Adrović.